

IN THE CLAIMS

Please cancel without prejudice claims 26, 30, 34, and 43 as indicated below.

Please amend claims 1, 4, 7, 37, and 44-45 as indicated below.

1. (Currently Amended) A method comprising:

performing a refinement coding pass to bit-planes of a code block to create refinement bits; ~~wherein the refinement bits are generated based on bits from coefficients that became significant in a significance propagation pass of a previous bit plane;~~

identifying a target area of the refinement bits of the code block that is designated to maintain a predetermined quality of the target area; and

setting refinement bits to the more probable symbol (MPS) by setting the refinement bits of the code block that do not effect the predetermined quality of the target area to the MPS, while using actual values for the refinement bits that effect the predetermined quality of the target area, wherein the refinement bits set to the MPS are quantized as a result of setting refinement bits to the MPS,

wherein the target area comprises text in a background image, wherein the refinement bits that are set to MPS are those that do not effect the text of the background image for the last bitplane, while using the actual values for the refinement bits that effect the text of the background image.

2. (Previously Presented) The method defined in Claim 1 wherein only a portion of the refinement bits in a code block are set to the MPS, and wherein the portion of the refinement